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**Testimony of Brenda Kelley,
AARP Connecticut State Director on
H. B. 5056, "An Act Concerning Eligibility for the Medicare Savings Programs"
Human Services Committee
February 5, 2008**

Good Morning, Chairman Doyle, Chairwoman Walker, Ranking members Kane and Gibbons and members of the Human Services Committee. My name is Brenda Kelley and I am the State Director for AARP Connecticut. AARP is a nonprofit, non-partisan membership organization for people age 50 and over. We have more than 40 million members nationwide and over 629,000 in Connecticut. I thank you for the opportunity to address you today on behalf of our members to support H. B. 5056, "An Act Concerning Eligibility for the Medicare Savings Programs."

We learned yesterday that the Governor has proposed extensive cuts to Connecticut's state prescription drug program, ConnPACE. AARP believes this is both unnecessary and wrong. Some of Connecticut's poorest people benefit from the ConnPACE program. Rather than decreasing the number of people eligible for ConnPACE and diluting the benefit, AARP supports using the proposal outlined in H. B. 5056 as a way to maximize federal funds, save money on ConnPACE, and assist more low-income Medicare beneficiaries in paying their Medicare Part B premium and, in many cases, also reducing other Medicare and prescription drug costs.

When this was considered during last year's legislative session, it was estimated that Connecticut's low income Medicare beneficiaries (seniors and people with disabilities) could have saved some \$47 million per year in co-pays and premiums at little to no additional cost to the state. In light of the economic pressures that low-income seniors and people with disabilities are facing with regard to significant loss of retirement savings, rising health care, energy and other costs, we believe we have a moral obligation to

seriously consider a proposal that will save them money on their health care costs if there are no additional costs to Connecticut, and, perhaps, even cost savings. **HB 5056 is such a proposal and AARP's analysis actually shows a possible savings of \$8 million per year to the state under HB 5056.**

Though the details are complicated, here's how it could work. The Medicare Savings Program was created to help low income Medicare beneficiaries pay the premium for Medicare Part B which provides coverage for doctor's services, outpatient care and some preventive services. States are authorized to change income and resource standards for the Medicare Savings Program through a Medicaid State Plan amendment. Some states have eliminated Medicare Savings Program asset limits and raised income limits as noted in a 2005 Center for Medicare and Medicaid Services Report (CMS) report called "Medicare Savings Programs Eligibility Criteria". *(Alabama, Arizona, Delaware, and Mississippi). Vermont recently eliminated their asset limits for their Medicare Savings Programs and the District of Columbia recently raised their Medicare Savings Programs income cap to 300% of the federal poverty limit. (Connecticut's income cap for our Medicare Savings Programs range from 100 to 135% of poverty. ConnPACE's income cap is 228% of the federal poverty limit).* Through a Medicaid State Plan amendment, Connecticut would raise the eligibility levels for our Medicare Savings Programs to match those of the state-paid ConnPACE prescription drug program. People eligible for a Medicare Savings Program are automatically eligible for a Medicare Part D low income subsidy to pay most of their prescription drug costs.

Under such a program, eligible seniors and people with disabilities would have their Medicare Part B premiums (currently \$96.40 per month) paid for by the Medicare Savings Program. That alone would save them \$1,156 per year. In addition, they would be entitled to federal Medicare Part D low income subsidy drug benefits with much lower co-payments than ConnPACE's co-payments. Individuals with the lowest incomes would be eligible to have other Medicare Part B costs covered as well. The expanded Medicare Part D low income subsidies would cover many of the costs currently covered by ConnPACE. Because of this, ConnPACE would save money. Using a conservative estimate, there

would be at little to no cost to Connecticut for an extremely valuable low-income benefit enhancement. **However, AARP estimates that this could even save Connecticut up to \$8 million or more annually.**

This legislation is a win-win for both the state and many low-income Medicare beneficiaries. Similar legislation received strong support during last year's legislative session. As I said earlier in this testimony, the details are complicated. These numbers are rough estimates, but AARP would be happy to arrange for our national staff and/or consultants to join you in doing a more complete analysis. ConnPACE recipients are among the people that need our help the most, especially during these challenging times. We are confident that the numbers can work to provide a richer benefit to ConnPACE recipients while also saving the state money.

AARP strongly urges this committee to support H. B. 5056. I would be happy to answer any questions. Thank you.

